
**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA : **CRIMINAL COMPLAINT**

v. :

LAWRENCE F. CULLARI JR. : Mag. No. 14-3198 (JBC)

I, Richard M. McGrade, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the U.S. Department of Transportation, Office of the Inspector General ("DOT-OIG"), and that this Criminal Complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached page and made a part hereof.

S/A R.M. McGrade

Richard M. McGrade
Special Agent, DOT-OIG

Sworn to before me and subscribed in my presence,

July 23, 2014
Date

at Newark, New Jersey
City and State

HONORABLE JAMES B. CLARK III
UNITED STATES MAGISTRATE JUDGE

JBC
Signature of Judicial Officer

ATTACHMENT A
Counts One Through Five
(False Statements)

On or about the dates listed below as to each Count, in Mercer County, in the District of New Jersey, and elsewhere, the defendant

LAWRENCE F. CULLARI JR.,

in a matter within the jurisdiction of the U.S. Department of Transportation, Federal Highway Administration, a part of the Executive Branch of the United States, did knowingly and willfully make materially false, fictitious, and fraudulent statements and representations, as set forth below as to each Count, when in fact he knew that these statements and representations were false.

Count	Date	Document	False Statement
One	11/7/10	Confidential Financial Disclosure Report (Form OGE-450)	No sources of salary, fees, commissions, and other earned income, and no reportable outside positions, notwithstanding more than \$10,000 in income from Dencore Consulting and membership on multiple Rutgers CAIT Advisory Boards during calendar year 2009
Two	2/22/11	Confidential Financial Disclosure Report (Form OGE-450)	No sources of salary, fees, commissions, and other earned income, and no reportable outside positions, notwithstanding more than \$43,000 in income from Dencore Consulting and membership on multiple Rutgers CAIT Advisory Boards during calendar year 2010
Three	2/2/12	Confidential Financial Disclosure Report (Form OGE-450)	No reportable outside positions, notwithstanding membership on multiple Rutgers CAIT Advisory Boards during calendar year 2011

Four	1/13/13	Confidential Financial Disclosure Report (Form OGE-450)	No sources of salary, fees, commissions, and other earned income, and no reportable outside positions, notwithstanding approximately \$34,000 in income from Dencore Consulting and membership on multiple Rutgers CAIT Advisory Boards during calendar year 2012
Five	1/24/14	Confidential Financial Disclosure Report (Form OGE-450)	No sources of salary, fees, commissions, and other earned income, and no reportable outside positions, notwithstanding more than \$40,000 in income from Dencore Consulting and membership on multiple Rutgers CAIT Advisory Boards during calendar year 2013

In violation of Title 18, United States Code, Section 1001.

Count Six
(Mail Fraud)

From in or about May, 2006, through in or about June, 2013, in Mercer County, in the District of New Jersey, and elsewhere, the defendant

LAWRENCE F. CULLARI JR.,

having devised and intending to devise a scheme and artifice to defraud the Federal Highway Administration, New Jersey Institute of Technology ("NJIT"), Rutgers University's Center for Advanced Infrastructure and Transportation, and others, and for obtaining money and property, namely, FHWA project funds, by means of materially false and fraudulent pretenses, representations, and promises concerning his economic relationship with Company #1 and his efforts to conceal that relationship to obtain FHWA project funds he was not otherwise entitled to receive, and for the purpose of executing such scheme and artifice, did cause to be placed in any post office and authorized depository for mail matter, any matter and thing whatever to be sent or delivered by the Postal Service, including a check from NJIT for \$34,321.38 mailed on or about November 10, 2010, to Company #1, and did cause Company #1 to take and receive therefrom, any such matter or thing, and did knowingly and willfully aid, abet, counsel, command, induce, and procure the commission of that offense.

In violation of Title 18, United States Code, Section 1341 and Section 2.

ATTACHMENT B

I, Richard M. McGrade, a Special Agent with the U.S. Department of Transportation, Office of the Inspector General ("DOT-OIG"), having conducted an investigation, spoken with other individuals, and reviewed numerous documents, have knowledge of the following facts. Where conversations or statements are described, they are described in substance and in part. All dates, locations, quantities, and dollar amounts are approximate. Because this affidavit is being submitted for a limited purpose, I have not included all facts and information known to me concerning this matter.

1. At times relevant to this Complaint:

Background of Relevant Entities

- a. The defendant Lawrence F. Cullari Jr. ("defendant CULLARI") was a resident of New Jersey. Defendant CULLARI was the Assistant Division Administrator at the Federal Highway Administration's ("FHWA") New Jersey Division since 2010.¹ In that position, defendant CULLARI held the power to influence the allocation of DOT funding and the direction of federal and state transportation programs (e.g., which institution worked on federally funded projects). Every employee in the New Jersey Division, other than the Administrator himself, reported to defendant CULLARI.
- b. The FHWA was an agency within the DOT that supported state and local governments in the design, construction, and maintenance of the nation's highways. Through financial and technical assistance to state and local governments, the FHWA was responsible for ensuring the safety and technological soundness of those highways.
- c. The New Jersey Department of Transportation ("NJDOT") was a department within the government of the State of New Jersey that funded and supported the design, construction, and maintenance of New Jersey's transportation systems. NJDOT received federal funding, including from FHWA, to further its mission.
- d. Rutgers University's Center for Advanced Infrastructure and Transportation ("Rutgers CAIT") was a Tier I University Transportation Center, an elite designation that made it part of a consortium of academic research institutions sanctioned and supported by DOT. Rutgers CAIT received most of its federal funding from FHWA.

¹ Defendant CULLARI served as the Acting Division Administrator, the top position in the New Jersey Division, from August 1, 2013, through October, 2013.

e. New Jersey Institute of Technology ("NJIT") was a science and technology university. NJIT received federal funds in the form of grants, contracts, and the like both directly from FHWA and indirectly from NJDOT.

f. Defendant CULLARI enjoyed close, personal relationships with high-ranking individuals at Rutgers CAIT and NJIT (the "University Executives").

g. Company #1 was an engineering company located in Middletown, New Jersey, that provided mechanical, plumbing, and electrical designs for commercial and residential projects. Company #1 was owned and operated by W.P., who was defendant CULLARI's father-in-law until at least 2010.

h. Dencore Consulting, Inc. ("Dencore Consulting"), was ostensibly a consulting company owned by defendant CULLARI's ex-wife, D.K. Dencore Consulting's mailing address was D.K.'s home in Howell, New Jersey. Defendant CULLARI controlled Dencore Consulting and had access (through D.K.) to its banking account.

False Statements

2. As a result of his high-level position with FHWA, defendant CULLARI was required to file Confidential Financial Disclosure Reports, or Forms OGE-450 (the "Disclosure Reports"), on an annual basis to report his financial interests as well as other interests outside the government. The purpose of the Disclosure Reports was to assist employees and their agencies in avoiding conflicts between their public duties and private financial interests and affiliations. The Disclosure Reports warned that the knowing falsification or omission of information may subject employees to criminal prosecution.

3. The Disclosure Reports included a section on "reportable assets or sources of income for myself, my spouse, or my dependent children." This section required reporting of "all sources of salary, fees, commissions, and other earned income greater than \$200" during the preceding calendar year. The Disclosure Reports also included a section on "reportable outside positions." This section required reporting of all such positions as follows:

All positions outside the U.S. Government held at any time during the reporting period [i.e., the preceding calendar year], whether or not you were compensated and whether or not you currently hold that position. Positions include an officer, director, employee, trustee, general partner, proprietor, representative, executor, or consultant of any of the following: corporation, partnership, trust, or other business entity, non-profit or volunteer organization, educational institution.

4. As set forth in more detail in paragraphs 10 through 14, Dencore Consulting was paid more than \$130,000 in fees or other income relating to a number of contracts with Company #1 from 2009 through 2013. Additionally, more than \$56,000 of this income was transferred by check or otherwise directly from Dencore Consulting's bank account into defendant CULLARI's personal bank account.

5. Additionally, according to Rutgers CAIT's annual reports dating back to 1998, defendant CULLARI was a member of several "advisory boards" at Rutgers CAIT, including the CAIT Advisory Board, the Research Advisory Board, the Technology Transfer Advisory Board, and the Transportation Safety Resource Center Advisory Board (the "Rutgers CAIT Advisory Boards"), among others. The Rutgers CAIT Advisory Boards served a variety of functions, including obtaining information from industry and government representatives to enable Rutgers CAIT to perform better. During defendant CULLARI's required reporting periods, he was listed in Rutgers CAIT's annual reports as a member of the Rutgers CAIT Advisory Boards. The Rutgers CAIT Advisory Boards' business related both directly and indirectly to business concerning defendant CULLARI's role at FHWA.

6. Notwithstanding the facts set forth in paragraphs 4 and 5 – namely, the \$130,000 Company #1 paid Dencore Consulting and the more than \$56,000 of that income that defendant CULLARI deposited into his own bank account, as well as defendant CULLARI's membership on the Rutgers CAIT Advisory Boards – on November 7, 2010; February 22, 2011; February 2, 2012; January 13, 2013; and January 24, 2014, defendant CULLARI signed and submitted Disclosure Reports certifying that he did not have any reportable sources of income or any reportable outside positions.

7. Defendant CULLARI's omission of his Dencore Consulting income was material and important to FHWA, because FHWA wanted and needed to know whether its employees had business dealings that may have conflicted with their public and ethical duties. Moreover, as set forth in more detail in paragraphs 10 through 14, defendant CULLARI's income from Dencore Consulting related directly to FHWA funds and projects over which he had power and influence in his official capacity as the Assistant Division Administrator.

8. Defendant CULLARI's omission of his membership on the Rutgers CAIT Advisory Boards was material and important to FHWA, because according to the FHWA Chief Counsel's Office, defendant CULLARI's membership on the Rutgers CAIT Advisory Boards, if disclosed, would have triggered a thorough review of potential conflicts. Additionally, the Chief Counsel's Office could not recall a waiver of such conflicts ever being granted to any employee to sit on an advisory board of an entity with which FHWA has business. Consequently, Cullari Jr. would have almost certainly been disallowed to serve on the Rutgers CAIT Advisory Boards as a result of such conflicts. Moreover, defendant

CULLARI's supervisor during the relevant time period had no knowledge of any FHWA employee in the New Jersey Division being a member of any advisory board, whether at Rutgers CAIT or elsewhere.

9. During an interview with DOT-OIG special agents on January 29, 2014, defendant CULLARI asserted that Dencore Consulting was a "landscaping" company that had never done transportation-related work, contrary to the facts set forth in more detail in paragraphs 10 through 14. During that same interview, defendant CULLARI initially denied being a member of any of the Rutgers CAIT Advisory Boards, and only after being continually pressed did he acknowledge membership on just one of these boards. Additionally, on January 30, just one day after his interview with DOT-OIG, defendant CULLARI emailed one of the University Executives at Rutgers CAIT and asked that defendant CULLARI's name be removed from all the Rutgers CAIT Advisory Boards.

Self-Dealing and Fraud

10. In 2006, when Dencore Consulting was founded, defendant CULLARI approached W.P., his then father-in-law, and asked him to help defendant CULLARI use Company #1 as a nominal or "straw" contractor to get work for Dencore Consulting from Rutgers CAIT, which had a close association with NJIT. Defendant CULLARI explained to W.P. that defendant CULLARI knew people at Rutgers CAIT who could provide Company #1 and Dencore Consulting with work. W.P. agreed to help defendant CULLARI by acting as a straw contractor.

11. From May, 2006, until at least June, 2013, defendant CULLARI prepared bids and work proposals for W.P. to sign and submit to Rutgers CAIT and NJIT on behalf of Company #1 for predominantly FHWA-funded projects. When Rutgers CAIT or NJIT awarded projects – which usually entailed the completion of engineering reports – to Company #1, defendant CULLARI arranged for these engineering reports to be completed. Defendant CULLARI then had W.P. sign and mail these reports to Rutgers CAIT or NJIT on behalf of Company #1 as if Company #1 had performed the work. W.P. then mailed invoices on behalf of Company #1, which were at times prepared by defendant CULLARI, to Rutgers CAIT or NJIT for payment. When Rutgers CAIT or NJIT paid Company #1, W.P. kept a small portion of the payment, usually about \$300, for himself and wrote a check to Dencore Consulting for the balance.

12. As a high-ranking official at FHWA, defendant CULLARI had a good-faith duty to act in the interests of the U.S. taxpayers and forgo private commercial gain linked to his public duties. Had FHWA been aware of defendant CULLARI's and Dencore Consulting's business relationship with Company #1 and Rutgers CAIT, this relationship could not have existed. Indeed, the avoidance of such conflicts of interest is the core purpose of the Disclosure Reports discussed above. Moreover, based on my knowledge of federal funding in the transportation sector, neither NJIT nor Rutgers CAIT

would have entered into any of these contracts with Company #1 had it known it was actually contracting with a federal official with influence over the direction of its federal funds.

13. One example of defendant CULLARI's self-dealing conduct using Company #1 occurred in 2012 and 2013:

a. On an annual basis, including from 2007 until the present, FHWA awarded State Planning and Research ("SPR") Funds to NJDOT for the purpose of advancing the so-called Electronic Statewide Transportation Improvement Program ("E-STIP"), which was an internet-based software program used to manage information, such as funding and scheduling, for transportation projects.

b. In March, 2007, NJDOT awarded federal SPR funds to NJIT under an agreement for NJIT to perform research in relation to E-STIP. NJDOT and NJIT extended and modified this agreement on a number of occasions between 2007 and the present.

c. On September 1, 2010, NJIT sponsored Rutgers CAIT to perform \$300,000 of work on E-STIP. Rutgers CAIT's work on E-STIP included outreach efforts and coordination with E-STIP's stakeholders and other states' departments of transportation to implement E-STIP effectively and to the satisfaction of its users.

d. On or before May 1, 2012, Rutgers CAIT executed a subcontract with Company #1 with a total value of \$50,193 (the "E-STIP Subcontract").

e. On June 4, 2012, defendant CULLARI sent D.K., his ex-wife and Dencore Consulting's nominal owner, an email asking her to create a pair of Company #1 invoices to Rutgers CAIT, one of which was for work purportedly performed on the E-STIP Subcontract. Defendant CULLARI attached to the email a pair of old scanned Company #1 invoices that defendant CULLARI had marked up with the information he wanted her to add (e.g., dollar amounts) and with signature lines for W.P., her father and the owner of Company #1.

f. On June 14, 2012, Company #1 invoiced Rutgers CAIT for \$9,280.70 for purported work on the E-STIP Subcontract largely in accordance with defendant CULLARI's instructions.

g. In October, 2012, defendant CULLARI communicated with one of the University Executives at NJIT concerning \$200,000 in federal SPR funds that NJDOT was attempting to cut from NJIT's E-STIP funding. On October 15, 2012, the same University Executive emailed defendant CULLARI and asked him to convince the NJDOT official responsible for approving the spending to "change [his] mind." In subsequent emails, defendant CULLARI sought the assistance of

two FHWA subordinates to defend the spending items. On November 15, 2012, defendant CULLARI emailed these subordinates asking whether they had advised the NJDOT decision-maker about FHWA's "needs." One of those subordinates responded that same day that NJDOT appeared "committed to doing what we wanted."

h. On February 22, 2013, W.P. invoiced Rutgers CAIT for \$40,912.30 for services purportedly rendered under the E-STIP Subcontract.

i. On March 18, 2013, a \$40,912.30 check from Rutgers CAIT relating to the E-STIP Subcontract was deposited into Company #1's bank account; on May 3, 2013, a \$40,600 check from Company #1 was then deposited into Dencore Consulting's bank account.

14. This straw arrangement between defendant CULLARI and W.P. with respect to other NJIT and Rutgers CAIT projects is reflected in Company #1's and Dencore Consulting's banking records:

a. On October 22, 2009, a \$10,945 check from NJIT was deposited into Company #1's bank account; on November 6, 2009, a \$10,000 check from W.P. was then deposited into Dencore Consulting's bank account.

b. On March 4, 2010, a \$10,000 check from Rutgers CAIT was deposited into Company #1's bank account; on March 15, 2010, a \$9,700 check from W.P. was then deposited into Dencore Consulting's bank account.

c. On November 10, 2010, NJIT mailed a check for \$34,321.38 to Company #1, which was deposited into Company #1's bank account the following day; on November 23, 2010, a \$34,000 check from W.P. was then deposited into Dencore Consulting's bank account.

d. On August 2, 2012, a \$34,367.15 check from Rutgers CAIT was deposited into Company #1's bank account; on October 2, 2012, a \$34,000 check from Company #1 was then deposited into Dencore Consulting's bank account.

15. In or before October, 2013, defendant CULLARI asked D.K. to give him money from the Dencore Consulting bank account so that he could pay for an engagement ring for his girlfriend. D.K. refused, not wanting to be taxed on income that defendant CULLARI ultimately would receive, and instead asked him to send her an invoice so that she could account for any payment to defendant CULLARI as an expense in Dencore Consulting's accounting records. Consequently, in October, 2013, defendant CULLARI and D.K. exchanged the following text messages:

Defendant: How much do I invoice for?

D.K.: Not sure if I take company taxes off top first and then take 50% or just take 50% of entire amount. I need to ask an accountant and I have no spare time on my hands.

Defendant: Let me know. I need to pay a big bill.

D.K.: Need an invoice for You with amount and tax Id. I can pay you off top.

Defendant: So I need amount.

D.K.: \$20,000[.]

16. On November 25, 2013, defendant CULLARI emailed a false invoice to his FHWA account and then to D.K. at Dencore Consulting for \$20,000 of contract services purportedly rendered by a company called Lauren Enzo, LLC ("Lauren Enzo"). Lauren Enzo is not a real company, and according to Google Inc., the Gmail address defendant CULLARI typed on the false invoice, laurenenzollc@gmail.com, does not exist.

17. Within days of receiving the false invoice from defendant CULLARI, D.K. provided defendant CULLARI a check for \$20,000 made payable to Lauren Enzo. On December 2, 2013, defendant CULLARI sent D.K. a text message that read, "Can you re write check made out to Lawrence Cullari, sole proprietor? Didn't know you were bringing in [sic] in trade last night. Thanks." This prompted the following exchange:

D.K.: What are you talking about?

Defendant: The den core check Yes?

D.K.: Why not the company name?

Defendant: I'm combining my accounts [. . .]

....

Defendant: I really need some of that project money. Can u write me a check? Won't be able to set up LLC in time.

D.K.: The LLC can be done in an hour on computer. I can't have this money all on my income. It screws me

Defendant: It's free money to you. I'll figure it out.

18. On December 3, 2013, defendant CULLARI deposited a check for \$20,000 made payable to "Lawrence CULLARI Sole Proprietor" and signed by D.K. in his personal bank account.